



COUNCIL AGENDA: 06-20-06
ITEM: 4.3(c)

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Paul Krutko

SUBJECT: See below

DATE: May 26, 2006

Approved

Deana Justice

Date

6/4/06

COUNCIL DISTRICT: 6
SNI AREA: N/A

SUBJECT: ADOPTION OF A RESOLUTION TO APPROVE THE 2006-2007 BUDGET REPORT, AND TO LEVY ASSESSMENTS IN THE WILLOW GLEN BUSINESS IMPROVEMENT DISTRICT FOR FISCAL YEAR 2006-2007

RECOMMENDATION

Adoption of a resolution to approve the Willow Glen Business Improvement District budget report for Fiscal Year 2006-2007, as filed or as modified by Council and to levy the Willow Glen BID assessment for 2006-2007.

BACKGROUND

The Willow Glen Business Improvement District ("The BID") was established by Council in 1983 pursuant to the California Parking and Business Improvement Area Law ("BID Law") to promote the economic revitalization and physical maintenance of the Willow Glen business district. In 1984, the Council appointed the Willow Glen Business and Professional Association as the Advisory Board ("Advisory Board") for the BID, to advise the Council on the levy of assessments in the BID and the expenditure of revenues derived from the assessments.

Pursuant to BID Law, an annual public hearing is required in order to approve the annual budget report and levy the annual BID assessments. On June 6, 2006, the Council preliminarily approved the 2006-07 budget report as filed by the Advisory Board or as modified by the City Council and adopted a resolution of intention to levy the annual assessments for fiscal year 2006-07 for the BID, and set June 20, 2006 at 1:30 p.m. as the date and time for the required public

Honorable Mayor and City Council

May 26, 2006

Subject: Preliminary Approval of 2006/07 Budget Report - Willow Glen BID

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hearing on the levy of the proposed 2006-07 assessments. The 2006-07 budget report submitted to the Council on June 6, 2006 is attached to this memo as Exhibit 1.

In accordance with the BID Law, the City Clerk has published the required legal notice with regard to the levy of assessments for fiscal year 2006-07.

ANALYSIS

When a hearing is held under BID Law with regard to the levy of assessments of a BID, the City Council shall hear and consider all protests against the continued authorization of the BID, the extent of the area, the assessments, or the furnishing of specified types of improvements or activities. Protests may be made orally or in writing. Written protests must be filed with the City Clerk at or before the time fixed for the public hearing. BID Law requires that the proceedings shall terminate if protests are made in writing against the continued authorization of the BID by businesses in the proposed district that will pay a majority of the charges to be assessed. If the majority protest is only against the furnishing of a specified type or types of improvement or activity within the area, those improvements or activities shall be eliminated.

The Advisory Board has prepared a budget report (the "report") attached as Exhibit 1, for the Council's consideration as the budget for the Willow Glen BID for Fiscal Year 2006-07. As required by BID Law, the report has been filed with the City Clerk and contains, among other things, a list of the improvements and activities proposed to be provided in the BID in Fiscal Year 2006-07 and an estimate of the cost of providing the improvements and activities. The Advisory Board has recommended no change in the BID boundaries or the method and basis for levying assessments. Therefore, the proposed assessments in the BID for Fiscal Year 2006-07, described in the report, are the same as the assessments for Fiscal Year 2005-2006.

During the course or upon the conclusion of the public hearing the City Council may order changes in any of the matters provided in the Advisory Board's report. At the conclusion of the public hearing the City Council may adopt a resolution confirming the report as originally filed or as modified by the Council. The adoption of the resolution constitutes the levy of the assessment for the fiscal year 2006-07.

OUTCOME

This action is consistent with the Economic Development Strategy approved by the Council, specifically Initiative No. 5, "Support Start up and Growth of Local Businesses, in Tech as well as Non-Tech fields" and Initiative No. 13, "Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Livability." A healthy Business Improvement District will encourage growth of the retail community and consequently result in additional sales tax revenue for the City.

ALTERNATIVES

Not applicable.

PUBLIC OUTREACH

The budget for Fiscal Year 2006-2007 was reviewed and approved by the Advisory Board on April 21, 2006.

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, Finance Department, Willow Glen Business & Professional Association and the City Clerk's Office.

COST IMPLICATIONS

Adoption of the proposed BID budget does not impact City revenue. BID assessments are restricted for use exclusively by the BID. It is anticipated that a healthy Business Improvement District will encourage growth of the retail community and consequently result in additional business tax and sales tax revenue for the City.

BUDGET REFERENCE

Not applicable.

CEQA

CEQA: Exempt, PP03-05-165



PAUL KRUTKO
Director of Economic Development

For questions please contact Paul Krutko, Director at (408) 535-8181

Attachment

2006-2007 Budget Report

Willow Glen Business Improvement District

2006-07 Board of Directors

William Bandman
M&A Architects

Jennifer Bell
Willow Glen Resident

Joe Lam
High-Q Soil Diamond Realty

Bernie Lewis
Detroit

Lynn Martin
William Carr, Realtor, Sappin

Mariani Marotta
NextGen Partners LP

Fred Orner
Prudential C.A. Realty

Eric Pyle
Cava Casa

Gary Rawn
Cascadia Lounge

Don Skappath
Somer A Mediterranean Bistro

Kevin Swanson
Edmund Jones & Co.

Tom Frazell
Tuborg Accounts LP

Executive Director
Narima Ruiz

P.O. Box 8086

San Jose, CA 95155-8086

Phone: 408-298-2100

Website: DowntownWillowGlen.org



BACKGROUND

The Willow Glen Business Improvement District (BID) was established by the Council in 1983 for the purpose of promoting and improving the Willow Glen Business District. In 1984 the Council appointed the Willow Glen Business and Professional Association as the contractor responsible for the execution of the Agreement By and Between the Willow Glen Business and Professional Association and the City of San José for the Operation and Administration of the Willow Glen Business Improvement District, dated April 24, 1984.

BID BOUNDARIES

The current address range for the Willow Glen BID is as follows:

Minnesota Avenue	1093
Willow Street	1072-1115
Lincoln Avenue	1000-1401
Brace Avenue	1110-1114

GOALS AND ACTIVITIES FOR FY 2006-2007

Based on the 8-year Strategic Plan, the Board of Directors has established the following goals and activities for this fiscal year:

1. Produce a profitable Dancin' on the Avenue event
 - a. This remains a volunteer driven event which is projected to generate revenue for WGBPA.
2. Develop a communication program
 - a. Develop and distribute quarterly printed newsletters to membership
 - b. Develop and send monthly e-newsletter to membership
 - c. Implement the Business Ambassador Program
 - d. Hold quarterly educational and social meetings for membership
3. Develop a marketing program
 - a. Develop a 2006-2007 business directory and distribute to Willow Glen residents and businesses
 - b. Re-design the website – emphasize the business directory
 - c. Implement the cooperative advertising program based on annual calendar
 - d. Continue the branding project
4. Facilitate beautification and maintenance activities
 - a. Provide regular sidewalk power washings
 - b. Maintain holiday decorations and nighttime garland lights and tree lights
 - c. Maintenance of crosswalk arches
 - d. Work with the City to replace burned-out pedestrian lights and lights on arches
 - e. Conduct a pre-engineering assessment of the provision of City electrical power to the BID for street decorations and other activities.
5. Increase retail and restaurant business recruitment
 - a. Work with the City and neighborhoods to revise parking requirements
 - b. Work with property owners to implement a shared parking program
6. Sponsor a 2006 Founder's Day Event that will be revenue-generating

7. Develop a strategy for evening business
8. Identify financial resources such as: grants, sponsorships and parking districts
9. Strengthen partnerships with neighborhoods, City and chambers of commerce

USE OF BID FEES

The total projected cost of providing BID programs and activities for the fiscal year 2006-2007 is \$413,063. BID revenue is projected at \$120,000, which will cover 29% of the costs for the programs and activities. The BID funds will be used to support the following programs and activities:

- Advertising and Promotions
- Avenue Maintenance and Cleanliness
- Holiday Decorations
- Overhead expenses – staffing, office supplies and maintenance, insurance
- Events
- Membership programs – newsletters, socials, meetings, ambassador program

LEVYING THE ASSESSMENTS

The current method and basis for levying the annual assessment are as follows:

Type of Business	Assessment
Banks/Savings	\$825
Retail/Restaurants	\$400
Non-retail/Professional/Non-profit	\$275
Property Owner (assessed per building by sf)	
Single buildings less than 10,000 sf	\$275
Single buildings over 10,000 sf	\$525
Single buildings over 20,000 sf	\$800
Independent Contractors (Stylists, aestheticians, Sub lessees)	\$100

Businesses which fall into more than one category will be assessed on the category producing the highest revenue for the BID.

INCOME

Estimated BID Income	\$120,000	
Program Revenues	\$105,000	
Donations Cash	\$81,500	
Merchant Event/Program Fees	\$56,700	
Donations In-kind	\$36,518	
Grants	\$12,000	
Membership Dues	\$1,000	
Total Income		\$412,718

EXPENSES

Member Services

Newsletter	\$2,400	
Mixers/Annual meeting	\$2,200	
Ambassador Program	\$700	
subtotal		\$5,300

Administrative Operating Expenses

Personnel	\$60,000	
Rent	\$9,400	
Professional Fees	\$6,000	
Liability Insurance	\$2,000	
Telephone	\$1,500	
Office Supplies/Postage/Printing	\$1,200	
Meetings	\$100	
Taxes	\$10	
subtotal		\$80,210

Promotional Activities & Special Event

Advertising

Advertising/Promotions	\$97,500	
DOTA	\$95,000	
Founder's Day	\$51,825	
Holiday	\$20,500	
Business Directory	\$13,028	
Halloween	\$5,200	
Website	\$5,000	
Farmer's Market	\$2,200	
subtotal		\$290,253

Beautification

Clean & Maintain	\$21,000	
Seasonal Decorations	\$11,300	
Electrical Power Assessment	\$5,000	
subtotal		\$37,300

Total Expenses		\$413,063
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Estimated carryover for 2007-08		(\$345)
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